

Guide to Improving Financial Management of Property Sales

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Initial distribution of this guide is indicated below.
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Each Field Office	10
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Introduction


This guide has been jointly developed by Headquarters staff from Housing and Administration to assist Field managers. It was developed because timely and accurate financial accounting is an important aspect of the management objective to sell acquired properties quickly and at a fair market price.

While many significant improvements have been made over the past year in solving problems associated with financial management of property sales, additional work needs to be done. This guide is intended to:

- o help train both Field staff and sales closing agents;
- o assist in the identification of "root" causes of poor performance in meeting the FASTA goals;
- o assist managers to evaluate Field performance; and
- o suggest solutions to the numerous management problems that result in poor performance.

We believe that this guide will help Field staff to better understand the causes of problems that impede successful performance, and keep us moving in the right direction. Therefore, we request that it be given wide distribution among HUD staff working on property disposition.


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Improving Financial Management of Property Sales

Growth of Acquired Properties and Sales

The level of single family property disposition activity has increased sharply since Fiscal Year 1986. At the beginning of Fiscal Year 1986, the inventory of single family properties was 26,400. By the end of Fiscal Year 1987, the inventory increased by 83 percent to 44,000. Through May 1988, the inventory has already increased over 25 percent and is expected to exceed 60,000 by September 1988.

Despite increased sales activity during the past two years, the inventory continued to increase due to the large number of property acquisitions which reached 65,309 in Fiscal Year 1987 and is now expected to far exceed the 71,000 acquisitions projected in the budget; current estimates for Fiscal Year 1988 are that acquisitions will reach 80,000. The Fiscal Year 1988 budget projected that sales would reach 60,000; Fiscal Year 1988 sales are now expected to reach 70,000.

While staffing and space requirements have and will continue to be adjusted to meet increased demands, neither staffing nor acquisition of additional space has kept pace with the sudden growth in program activities. This has presented new challenges and has placed new demands on Field managers.

While the primary management objective for Property Disposition is to sell acquired properties quickly at a fair market price, the timely and accurate accounting of property sales is an important aspect of this management objective. The growth of acquired properties and sales has brought with it a renewed emphasis to ensure property sales are timely and accurately reported.

Why Should Managers Be Concerned about Timely and Accurate Reporting of Property Sales?

Timely Deposit of Sale Proceeds

Until monies collected from property sales are credited to the FHA fund, HUD cannot prepare accurate financial statements. These financial statements are used to determine whether or not there is a need to borrow money to pay claims, or whether there are excess funds to invest and earn interest for the FHA fund.

When HUD sells a property, the proceeds do not help HUD or begin earning interest until the funds are received by Treasury. Interest earned from such deposits helps support and finance the FHA fund.

During Fiscal Year 1987, HUD collected \$1.8 billion from property sales. Last fiscal year, before the FASTA goal in this area was developed, it took an average of 14 days from date of sale before Treasury received proceeds. For every day that could have been cut from that 14-day average, HUD would have saved \$300,000 on an annualized basis.

Reducing the "float" of money resulting from property sales is a major Departmental cash management initiative. The FASTA goals for timely deposit of sales proceeds are an important part of this initiative. Since these FASTA goals were established, the Department has reduced the average number of days it takes to deposit sales proceeds from 14 days to 5 days in May. The Department saved about \$2.7 million annually in interest costs, solely due to this time lag reduction, based on Fiscal Year 1987 sales proceeds.

Using annualized figures from last year, the chart below shows how much additional interest the FHA fund could have earned for each day that HUD improved on the 14-day average:

Days to Deposit Sale Proceeds	Additional Interest that Could Be Earned
14 May 1987 Pre-FASTA National Average	
13	\$0.3 million
12	\$0.6 million
11	\$0.9 million
10	\$1.2 million
9	\$1.5 million
8 Sept. 1987 National Average	\$1.8 million
7	\$2.1 million
6 January 1988 National Average	\$2.4 million
5 May 1988 National Average	\$2.7 million
4	\$3.0 million
3	\$3.3 million
2	\$3.6 million
1	\$3.9 million

Individual Field managers can calculate the amount of interest they are losing due to excessive delays in depositing sale proceeds by applying the following formula:

$$\text{dollar value} \times 6\% \times \frac{\text{actual days late}}{360} = \text{interest lost} *$$

Closing agents are required to deposit all sales proceeds on the day of closing or the next bank day for immediate wire transfer to the Treasury. The current FASTA goals measuring the timely deposit of sale proceeds are as follows:

- o an average elapsed time of 2 days is maintained for all sale proceeds deposits; and

* The current Treasury interest rate is 6%.

- o 100 percent of proceeds is received by Treasury within 4 days of closing.

As of May 1988, the Department's performance against these goals was:

- o an average elapsed time of 5.1 days was maintained nationwide for all sales proceeds deposits; and
- o 61.3 percent of proceeds was being deposited within 4 days of closing.

Individual Regional performance against these goals as of May 1988 is shown in Attachment A.

Some Offices have demonstrated superb records improving their performance. The Atlanta Office deposited proceeds within 4 days of closing on 86.0 percent of cases in May 1988, up from only 33.3 percent in June 1987. In addition, that Office improved from 15 average elapsed days to 2.6 over the same time period. The Columbus Office has deposited 100 percent of proceeds within 4 days from December 1987 through April 1988. The Tucson Office continues its outstanding record of averaging same-day deposits from June 1987 through May 1988. With emphasis on strong internal controls and proper management attention, it can be done.

In addition to lost interest, there are other management reasons why Field managers should be concerned about delays in depositing sale proceeds into Treasury. There have been cases of individual closing agents and lenders holding HUD monies and profiting from earned interest themselves. For example, the Inspector General is now investigating a closing agent who was holding about \$1.6 million in sales proceeds when audited.

Such abuses can occur if HUD does not exercise adequate internal controls to detect and prevent them. This leads to the second major reason why Field managers should be concerned about the timely and accurate reporting of property sales.

Timely Submission of Sales Closing Packages

The above abuses can occur only if HUD neglects its timely monitoring of sales by closing agents. These delays can also hurt HUD's ability to account for sales proceeds. Therefore, it is essential for Field managers to understand the basic monitoring issues which are outlined below.

Procedures have been established to require closing agents to use only banks that wire transfer proceeds within 24 hours to a Federal depository. Closing agents are required to obtain confirmation of wire transfer. If an official confirmation of the wire transfer debit is not readily available, closing agents are required to obtain a receipt of deposit. After obtaining this receipt, they are still required to then obtain the confirmation when the funds are wired. Upon receipt of the wire transfer confirmation, closing agents are required to verify that the wire transfer took place within the prescribed time limits, that the accurate amount was wired, and that the wire transfer was identified with the correct FHA case number and HUD account number.

Problems in enforcing these requirements occur if closing agents do not submit closing packages to the appropriate HUD Office in a timely manner. Upon receipt of a closing package, the Field staff, as the first order of business, should review it to:

- o Ensure that the sales proceeds have been deposited in a Federal depository by wire transfer, and in a timely manner; and
- o Check that the FHA case number and HUD account number are correct on the Settlement Statement (form HUD-1) and that the net proceeds amount is the same on the wire transfer confirmation and on the HUD-1, reconciling any discrepancies discovered.

This simple internal control procedure, if performed in a timely manner, will help detect and prevent the kind of abuses described above. It also will save HUD costs by eliminating OFA staff time to do more complicated research later to reconcile errors.

Why Should Accurate and Timely Closing Packages Be Sent to OFA?

Each day the Treasury Department notifies OFA of the total amount of monies deposited to HUD's account resulting from property sales. Under current control procedures, OFA records the deposit of sales proceeds but cannot complete the necessary accounting for the sold properties until the sales data contained in the closing packages are received. HUD's work to sell the properties is finished only after the accounting is completed. Until then, official accounting records still show the properties on HUD's books.

Delays in receiving the closing packages in OFA result in major differences in the number of properties in the inventory as reflected in CPPS and the official accounting records. As of May 1988, OFA's records show approximately \$300 million in sales proceeds for which sales data have not been received. This represents approximately 8,500 sales. In the absence of these sales packages (particularly the HUD-1 sales expense data on taxes, settlement costs, and so on), HUD cannot know its profit or loss on the properties.

The longer it takes for OFA to get closing packages, the greater the problem. Some Field Offices are holding closing packages on sales that occurred over 200 days ago.

To assist in measuring and tracking Field performance in submitting closing packages, the following FASTA goal has been established:

- o 100 percent of sales closing packages is received in OFA within 14 calendar days of closing.

Departmentwide, as of May 1988, only 44.7 percent of closing packages was received in OFA within 14 calendar days of closing. Attachment A shows Regional performance in meeting this FASTA goal.

Many offices have focused their attention on this problem and have attained measurable results. The Tampa office has improved its average elapsed time from date of closing to the date sales packages are received by OFA from 166 days in FY 1987 to 18 in May 1988. As a result of Regional office attention, all offices in Region V, except one, averaged 14 days or less in May 1988. In that Region, 83.6% of sales packages are now being received within 14 days.

What is Headquarters Doing to Help Solve These Problems?

Headquarters Housing and OFA have been working on several initiatives that will assist the Field in becoming more successful in meeting these FASTA goals. These initiatives are summarized below:

Model Contract for Closing Agents

Currently, many closing agents are not under a contract. The model contract that has been developed by Headquarters Housing, including the recent amendment, will help educate closing agents about HUD's requirements and will provide the management tool necessary to enforce compliance. Except in those rare instances where it is impractical to do so, Field Offices are expected to have their entire jurisdiction covered by these formal closing agent contracts.

Closing Information for OFA

The form used to transmit closing packages to OFA, HUD Form 9589 (Attachment B), has been revised to support the Field's review of closing packages, emphasizing the essential review items. Five Field Offices tested the form and found that staff can quickly verify the accuracy of the sales data and eliminate several common errors which previously went undetected.

After successful national use of the new form, the requirement to submit closing documents will be eliminated and OFA will rely on the form instead.

Field managers may amend the model contract to require closing agents to complete this form once OMB approval is obtained. A quick review by HUD staff of the information on this form to ensure accuracy will significantly improve the timely accounting for property sales, and reduce the workload of Field staff in providing this information.

Tracking Performance of Closing Agents

Many Field Offices have controls in place to track the performance of individual closing agents. Most offices, however, are not taking the time to review the data they are collecting. Failure to track performance of individual closing agents and weed out poor performers is a major cause for some Field Offices not meeting these FASTA goals. This monitoring is also essential for proper administration of HUD's contracts with closing agents.

To support the Field in this responsibility, OFA has begun providing Regional Housing staff with reports listing the specific cases used in FASTA. From these listings, Field managers can determine which closing agents have been negligent in wiring funds on a timely basis and who is responsible for the untimely submission of sales packages to OFA.

Development of Integrated Automated System

On April 11, 1988, the Department awarded a contract to Data Prompt, Incorporated for a new automated system that will combine the existing Housing CPPS and OFA F-63 accounting system into an integrated on-line system. The new system will provide on-line entry and retrieval capabilities, as well as improved reporting and control over property sales. This will eliminate the need for the Field to submit closing information to OFA, while giving OFA timely access to data necessary to meet accounting needs. The system will also eliminate the time-consuming task of reconciling case inventories between the CPPS and F-63 systems.

The new system will also provide automated support for the Field to track performance of individual closing agents. The system is scheduled to be developed in 12 months, with Field Office implementation to be phased in over the ensuing 6 months.

OFA Performance Reporting and Technical Assistance

OFA is expanding its feedback to Field staff on FASTA items, highlighting errors that impede efficient processing of proceeds and sales data. For example, feedback may note proceeds wired without the proper FHA case number, sales data errors on settlement statements, or poorly performing closing agents.

OFA also visits Field Offices to assist them in resolving problems. Round-table discussions with Property Disposition staff have focused on the interrelationship of OFA and Field Housing, detailed review of Headquarters instructions, and specific errors in sales packages from the Office. OFA will plan future visits based on Field performance or at the request of the Office.

Automated Case Inventory Reconciliation

OFA has developed an interim process to improve the inventory reconciliation effort prior to implementation of the new system.

It will also serve the purpose of identifying sales packages that have not yet been submitted to OFA.

In the past, the reconciliation required the manual comparison of records from CPPS with OFA records. Under the new procedure, a comparison file has been created which will automatically match CPPS inventory with OFA's inventory of properties and claims in suspense. From this data base, lists of differences will be produced for review by OFA and Field staff.

This will eliminate the manual process and enable OFA and Field staff to focus their efforts on resolving the automatically identified differences. It is expected that the new process will take one-third the time required in the past.

Education of Field Staff on The Process and Potential Causes of Problems:

This document serves that purpose. It should be used to:

- o Train new staff members,
- o Train closing agents,
- o Identify "root causes" of poor performance in meeting these FASTA goals,
- o Evaluate Field performance in meeting these FASTA goals, and
- o Suggest solutions to the numerous management problems that result in poor performance.

What Can Field Managers Do to Help Solve These Problems?

Identifying the "root cause" of a problem is the essential first step in solving it. What follows is a description of the common causes for poor performance in meeting these FASTA goals. Poor performance in achieving these goals can usually be linked to one or more of the causes described below. By isolating the cause(s) of the problem(s), Field managers can become more successful in achieving these FASTA goals.

Common Causes and Solution to Problems

Cause 1

Failure to monitor individual closing agent's performance and terminate those who consistently do a poor job in complying with HUD's requirements.

Solution: As each individual closing agent contract is let, it is essential that these contracts be properly administered and enforced. Tracking performance of individual closing agents is essential to proper contract administration.

While the model contract permits HUD to collect monies lost due to poor performance by closing agents, this contract provision should not be viewed as an excuse to keep poor performing closing agents under contract. Poor performing closing agents should be forced to improve their performance or be terminated from the program.

Cause 2

Some closing agents are using banks that do not wire transfer proceeds, or do not wire them in a timely way.

Solution: Under the terms of their contract, closing agents are

required to use only banks that wire transfer proceeds without delay. Closing agents are not complying with contract requirements if they are not using the proper bank. Such non-compliance with contractual requirements must be reported to and dealt with by the local contracting officer. Identify closing agents who are using banks that are not complying with this requirement and let them know you expect compliance.

In rare cases, closing agents may be unsuccessful in finding a bank that will comply with wire transfer requirements. In such cases, notify OFA (Joseph Hein at FTS 755-2631) of the problem. OFA has been successful in working with the Treasury Department in identifying banks willing and able to comply with these requirements.

Cause 3

Some closing agents are not depositing sales proceeds on the day of closing or the next bank day.

Solution: Under the terms of their contract, closing agents are required to deposit sales proceeds on the day of closing or the next bank day. Generally, funds are received by Treasury the same day they are deposited. (The FASTA goals measuring the timeliness of proceeds deposited in Treasury allow for weekends and bank clearing requirements.)

As part of the sales package review, identify closing agents who are taking more than 1 day to deposit sales proceeds. Simply compare the date of sale on the HUD-1 with the deposit date shown on the wire transfer confirmation. Closing agents that fail to comply should be informed that HUD expects compliance with this contract provision. Coordinate with the contracting officer to impose the contract's liquidated damages provision when delays encountered are attributable to the contractor. Those who continue to perform poorly should be reported to the local contracting officer and terminated from the program.

During a recent Field performance review conducted by Headquarters in one Field Office, it was discovered that one closing agent was averaging 14 days to deposit sales proceeds without any legitimate reasons. This poorly performing closing agent was a major cause for that Field Office's poor performance against the FASTA goal; and until the review, the Field manager was unaware of this problem. Field managers should ask their staff to brief them periodically on the performance of their closing agents to avoid such problems.

Cause 4

In some cases, "good" money is not being brought to the closing.

Solution: In accordance with HUD policy, closing agents can only accept certified/cashiers' checks or cash from purchasers. Many Field offices are experiencing problems with some mortgage lenders who refuse to fund at closing. Field offices should identify lenders who refuse to fund at closing and ask them to justify in writing their reason(s) for not funding at clos-

ing. This information should then be sent to the Director, OFA. Upon receipt of such information, OFA will work with the Treasury Department in an effort to resolve the problem.

Cause 5

Some closing agents are not doing a good job in completing closing packages.

Solution: The two most common errors being made by closing agents are: (1) inaccurate or missing FHA case numbers recorded on the wire transfer and (2) incorrect calculation of proceeds due HUD resulting in inaccurate amounts wire transferred by closing agents. These and other errors delay the processing of closing packages and require the expenditure of valuable HUD staff time to reconcile.

HUD staff should not have to spend their time fixing errors made by closing agents. Closing agents are paid to do the job right. Much of the current backlog of unmatched proceeds and sales data can be directly linked to this problem.

Field managers should ask their staffs to identify the common processing errors that are being made by closing agents in their area. Send a letter to all closing agents outlining the common errors they are making and let them know you expect improvements. Depending on local conditions, a one-day training session for closing agents may be appropriate. Terminate agents who do not improve.

As indicated earlier, non-compliance with contract requirements is a contract administration problem requiring resolution by the local contracting officer.

Cause 6

In some cases, not enough closing agents have been placed under contract to handle increased sales.

Solution: Ensure that enough closing agents have been placed under contract to handle the increase in volume of sales. To provide greater management flexibility, consider placing more closing agents under contract in areas where current closing agents are doing a poor job. This will permit shifting workloads to deal with poorly performing closing agents.

Cause 7

HUD staff is not timely in reviewing and submitting closing packages to OFA.

Solution: Field managers should determine whether this is a problem in their Offices and identify the specific causes. Possible causes based on past Field performance reviews are:

- o Insufficient staffing allocated to post-closing activities. If closing agents are doing their job properly, it should not take more than 15 minutes per closing package for HUD staff to complete their review and certification. Implementation of the solution under cause 5 will help solve this problem.

- o Closing packages are held and shipped weekly or monthly to OFA instead of daily. Until the planned changes outlined above eliminate the time-consuming task of shipping bulky closing packages to OFA, Field managers must monitor staff performance in this area.

- o Organizationally, the responsibility for post-closing reviews is fragmented. Centralizing such activities will result in greater efficiency and permit greater accountability for results. Hold one manager accountable for post-closing activities.

- o Due to staff turnover, many current employees are not trained in post-closing activities. This document should help to educate new employees on post-closing requirements and responsibilities. Attachment C is a detailed description of the process and has been specifically written to help educate new employees. A detailed flowchart of the entire process is also included. Notify OFA of any technical assistance you may require.

- o Employees assigned to post-closing activities have also been assigned other responsibilities which sometimes result in competing priorities.

- o Performance standards for employees engaged in post closing activities do not adequately address performance requirements and management expectations.

Cause 8

Some Regional Offices are not monitoring Field performance in meeting these FASTA goals as closely as they should.

Solution: One Field Office manager interviewed recently during a Headquarters review of Regional performance stated that he was unaware of the importance of these goals until two months prior to the review. Significant improvements in that Office's performance occurred after the Field Office manager was made aware of the importance of these goals. Regional Administrators should periodically remind Field Office managers of the importance of these goals. This document will assist in that effort.

Regional reviews of Field Office performance often fail to address these FASTA goals and if they do, the "root causes" of the problems are often overlooked. This document should help improve the performance review process. Attachment D has been designed to help Regional and Field Office managers to identify specific causes of poor performance in meeting these FASTA goals. Headquarters will use this checklist during future Regional performance reviews and will require Field Office managers to complete it prior to each Regional performance review. Regional Offices should also consider using this checklist during their reviews of Field Offices.

Conclusion

Timely and accurate financial accounting is an important aspect of the management objective to sell acquired properties quickly and at a fair market price.

The FHA fund is losing substantial monies in lost interest due to excessive delays in depositing sales proceeds, and accurate financial accounting is being disrupted due to delays in notifying OFA of sales closings.

Many improvements have been made over the past year in solving problems associated with achieving these FASTA goals. Understanding the cause of problems that impede successful performance should keep us moving in the right direction.

Description of Attachments

- | | |
|---------------------|--|
| Attachment A | Detailed current information on Regional performance related to deposit of sales proceeds, and submission of closing packages |
| Attachment B | Copy of memorandum from DAS Nistler regarding revised procedures for Single Family property disposition sales closings and transmittal of closing information on revised HUD Form-9589 |
| Attachment C | Program and processing requirements for closing agents and HUD Field staff |
| Attachment D | Problem Diagnostic Tool for Field Managers |

**Regional Performance
Deposit of Sales Proceeds
and
Submission of Closing Packages**

Attachment A

Regional Performance In Meeting FASTA Goals

As of May 1988

GOAL: Sales proceeds received by Treasury within 4 days of closing

REGION	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
REGION I	23	49.7%	1.5	92.3%
REGION II	4	48.2%	5.1	72.1%
REGION III	13	37.6%	5.4	63.6%
REGION IV	5	69.0%	3.8	75.8%
REGION V	8	35.7%	5.3	56.3%
REGION VI	10	29.3%	8.8	34.3%
REGION VII	7	55.3%	4.3	63.9%
REGION VIII	5	64.7%	4.9	68.0%
REGION IX	9	41.5%	4.5	65.9%
REGION X	3	67.5%	3.0	81.0%
TOTAL REGIONS	8	46.6%	5.9	57.0%

GOAL: Sales packages received by OFA within 14 days of closing

REGION	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
REGION I	18	41.7%	39	36.0%
REGION II	16	60.6%	17	53.1%
REGION III	127	15.9%	79	21.2%
REGION IV	48	42.7%	62	41.7%
REGION V	21	49.7%	17	66.2%
REGION VI	24	25.8%	28	26.3%
REGION VII	20	42.6%	20	47.7%
REGION VIII	42	9.9%	43	18.2%
REGION IX	37	27.1%	31	39.7%
REGION X	25	37.4%	45	33.6%
TOTAL REGIONS	34	36.5%	35	36.8%

Field Office Performance In Meeting FASTA Goals

As of May 1988

REGION I

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
Boston	2	100.0%	N/A	N/A
Hartford	1	100.0%	1.0	100.0%
Manchester	51	0.0%	1.7	88.9%
Providence	N/A	N/A	N/A	N/A
REGION I	23	49.7%	1.5	92.3%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
Boston	15	50.0%	43	20.0%
Hartford	27	0.0%	30	28.6%
Manchester	14	66.7%	24	50.0%
Providence	17	0.0%	262	0.0%
REGION I	18	41.7%	39	36.0%

Field Office Performance In Meeting FASTA Goals

As of May 1988

REGION II

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
New York	3	76.9%	4.7	41.7%
Albany	10	0.0%	3.7	75.0%
Buffalo	8	50.0%	10.3	32.4%
Camden	2	93.8%	3.5	89.4%
Caribbean	7	45.5%	6.5	53.3%
Newark	3	87.5%	2.5	84.1%
REGION II	4	48.2%	5.1	72.1%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
New York	15	53.3%	18	48.4%
Albany	12	75.0%	15	55.2%
Buffalo	21	12.7%	23	29.5%
Camden	13	75.6%	13	72.7%
Caribbean	21	53.6%	22	20.0%
Newark	10	88.9%	9	93.4%
REGION II	16	60.6%	17	53.0%

Field Office Performance In Meeting FASTA Goals

As of May 1988

REGION III

GOAL: Sales proceeds received by Treasury within 4 days of closing

CUMULATIVE FY 87			CUMULATIVE FY 88	
FIELD OFFICE	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
Philadelphia	7	49.4%	5.3	53.6%
Baltimore	14	0.0%	4.1	74.6%
Charleston	5	0.0%	1.7	89.5%
Pittsburgh	2	100.0%	2.7	86.0%
Richmond	6	52.2%	3.4	79.1%
Washington DC	24	20.0%	21.7	17.5%
REGION III	13	37.6%	5.4	63.6%

GOAL: Sales packages received by OFA within 14 days of closing

CUMULATIVE FY 87			CUMULATIVE FY 88	
FIELD OFFICE	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
Philadelphia	44	23.7%	45	3.5%
Baltimore	27	27.0%	37	27.7%
Charleston	15	40.0%	10	89.2%
Pittsburgh	13	66.7%	12	78.6%
Richmond	50	2.5%	73	14.2%
Washington DC	277	1.0%	247	0.5%
REGION III	127	15.9%	77	21.2%

Field Office Performance in Meeting FASTA Goals

As of May 1988

REGION IV

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
Atlanta	4	68.2%	2.1	91.4%
Birmingham	7	45.2%	7.1	42.4%
Columbia	5	62.2%	4.1	69.0%
Coral Gables	6	87.4%	2.4	91.8%
Greensboro	6	42.9%	5.9	34.1%
Jackson	4	69.6%	3.4	74.5%
Jacksonville	9	81.0%	2.9	88.7%
Knoxville	4	38.3%	3.1	82.4%
Louisville	2	86.0%	2.8	91.6%
Memphis	4	63.9%	2.6	85.1%
Nashville	3	82.1%	2.6	84.1%
Tampa	6	65.5%	4.5	79.7%
REGION IV	5	69.0%	3.8	75.8%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
Atlanta	16	52.7%	18	44.0%
Birmingham	16	39.3%	21	18.8%
Columbia	15	67.1%	14	67.0%
Coral Gables	27	9.1%	40	0.8%
Greensboro	20	29.7%	20	25.7%
Jackson	12	77.6%	18	48.0%
Jacksonville	10	82.1%	10	93.4%
Knoxville	12	88.5%	12	87.9%
Louisville	16	63.3%	13	73.4%
Memphis	13	74.4%	14	59.0%
Nashville	13	73.9%	16	57.3%
Tampa	166	1.6%	177	26.7%
REGION VI	48	42.7%	62	41.7%

Field Office Performance In Meeting FASTA Goals

As of May 1988

REGION V

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
Chicago	10	15.6%	5.9	47.0%
Cincinnati	4	61.5%	5.2	54.4%
Cleveland	5	68.9%	4.0	71.4%
Columbus	3	85.0%	1.3	99.0%
Detroit	5	68.8%	3.7	86.0%
Flint	4	71.4%	1.6	97.8%
Grand Rapids	3	76.9%	3.2	82.7%
Indianapolis	11	0.0%	8.5	10.2%
Milwaukee	2	87.2%	3.3	82.7%
Minneapolis	11	3.2%	9.8	4.0%
REGION V	8	35.7%	5.3	56.3%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
Chicago	37	7.6%	22	39.3%
Cincinnati	17	40.9%	11	82.3%
Cleveland	18	40.0%	16	72.2%
Columbus	9	92.6%	7	97.7%
Detroit	9	92.6%	7	97.7%
Flint	21	25.0%	14	66.8%
Grand Rapids	14	72.6%	11	86.4%
Indianapolis	16	58.1%	14	77.6%
Milwaukee	14	71.9%	11	79.4%
Minneapolis	28	3.7%	45	0.0%
REGION V	21	49.7%	17	66.2%

Field Office Performance in Meeting FASTA Goals

As of May 1988

REGION VI

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
Dallas/Ft. Worth	5	50.6%	7.6	24.7%
Albuquerque	6	29.2%	6.0	44.4%
Houston	14	6.5%	11.7	7.2%
Little Rock	3	83.8%	3.0	78.7%
Lubbock	6	60.0%	5.3	55.0%
New Orleans	5	76.3%	3.9	78.5%
Oklahoma City	3	79.7%	2.8	85.6%
San Antonio	10	11.7%	17.1	24.8%
Shreveport	2	86.4%	1.5	97.0%
Tulsa	10	25.9%	7.3	32.5%
REGION VI	10	29.3%	8.8	34.3%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
Dallas/Ft. Worth	26	19.3%	26	18.7%
Albuquerque	17	50.0%	19	42.8%
Houston	23	47.7%	30	9.4%
Little Rock	16	64.3%	18	50.3%
Lubbock	50	2.2%	34	21.0%
New Orleans	14	67.0%	15	64.3%
Oklahoma City	13	76.4%	12	83.7%
San Antonio	42	1.0%	62	0.7%
Shreveport	15	51.7%	12	77.1%
Tulsa	21	18.6%	23	16.8%
REGION VI	24	25.8%	28	26.3%

Field Office Performance In Meeting FASTA Goals

As of May 1988

REGION VII

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
Kansas City	9	22.0%	6.2	43.0%
Des Moines	4	65.0%	3.6	71.0%
Omaho	5	42.1%	5.1	46.0%
St. Louis	8	79.5%	2.0	92.6%
REGION VII	7	55.3%	4.3	63.9%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
Kansas City	24	8.1%	19	41.8%
Des Moines	29	11.5%	28	15.0%
Omaho	10	73.8%	12	84.6%
St. Louis	9	94.3%	11	88.9%
REGION VII	20	42.6%	20	47.7%

Field Office Performance In Meeting FASTA Goals

As of May 1988

REGION VIII

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
Denver	4	70.7%	4.9	69.2%
Fargo	N/A	N/A	1.2	96.4%
Helena	5	54.8%	3.6	80.2%
Salt Lake City	9	39.7%	6.4	48.9%
REGION VIII	5	64.7%	4.9	68.0%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
Denver	38	7.2%	53	9.2%
Fargo	N/A	N/A	17	54.8%
Helena	24	11.9%	21	31.4%
Salt Lake City	66	1.9%	31	33.3%
REGION VIII	42	9.9%	43	18.2%

Field Office Performance in Meeting FASTA Goals

As of May 1988

REGION IX

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
San Francisco	2	64.6%	2.5	90.4%
Fresno	10	10.0%	2.9	87.4%
Honolulu	2	100.0%	1.9	92.9%
Las Vegas	4	66.7%	2.2	92.5%
Los Angeles	18	24.0%	8.7	19.8%
Phoenix	9	34.0%	6.6	41.4%
Sacramento	11	26.8%	5.0	73.4%
San Diego	2	90.9%	1.9	95.1%
Santa Ana	6	47.6%	3.0	80.4%
Tucson	0	100.0%	0.1	98.1%
Reno	2	85.0%	2.3	83.3%
REGION IX	9	41.5%	4.5	65.9%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
San Francisco	44	18.4%	17	45.0%
Fresno	28	4.6%	15	53.7%
Honolulu	30	27.8%	25	36.7%
Las Vegas	73	9.2%	74	19.0%
Los Angeles	12	79.5%	14	63.3%
Phoenix	35	0.8%	28	23.8%
Sacramento	59	3.8%	51	1.0%
San Diego	17	33.3%	14	62.8%
Santo Ana	18	42.3%	16	58.1%
Tucson	11	98.6%	8	93.6%
Reno	145	3.4%	58	19.3%
REGION IX	37	27.1%	31	39.7%

Field Office Performance In Meeting FASTA Goals

As of May 1988

REGION X

GOAL: Sales proceeds received by Treasury within 4 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 4 DAYS
Seattle	4	70.4%	2.8	83.8%
Anchorage	3	80.6%	2.6	83.3%
Boise	4	62.8%	4.3	64.9%
Portland	3	73.5%	2.1	95.4%
Spokane	3	47.4%	3.1	79.3%
REGION X	3	67.5%	3.0	81.0%

GOAL: Sales packages received by OFA within 14 days of closing

FIELD OFFICE	CUMULATIVE FY 87		CUMULATIVE FY 88	
	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS	AVERAGE ELAPSED DAYS	PERCENT RECEIVED WITHIN 14 DAYS
Seattle	26	10.6%	70	3.5%
Anchorage	46	9.8%	47	7.8%
Boise	44	3.8%	54	24.0%
Portland	13	75.0%	12	95.4%
Spokane	18	58.3%	18	53.6%
REGION X	25	37.4%	45	33.6%

Revised Procedures

Single Family Property Disposition Sales Closings

and

Transmittal of Closing Information: Form HUD-9589

Attachment B



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY FOR
HOUSING-FEDERAL HOUSING COMMISSIONER

MAR 11 1999

MEMORANDUM FOR: All Regional Directors of Housing
All Field Office Managers
All Chief Property Officers

FROM: James C. Nistler, Deputy Assistant Secretary for
Single Family Housing, IS

SUBJECT: Revised Procedures - Single Family Property Disposition
Sales Closings

The following relates to the closing of Single Family
acquired property sales. The changes are:

1. **Certification Page, Form HUD-9596.** Use of this form is discontinued. This action must be taken simultaneously with the instructions set forth below for the HUD-1 and HUD-9589.

2. **Settlement Statement, HUD-1.** In conjunction with the discontinuance of the Certification Page, it will be mandatory for the HUD-1 to contain the certifications and signatures noted on the attached sample. As an alternative to placing this required information on the HUD-1, it may be provided on a separate page, sample also attached.

3. **Transmittal of Closing Information, HUD-9589.** Working jointly with the Office of Finance and Accounting (OFA), we have revised this form to accomplish several aims.

a. Fewer documents will be forwarded to OFA following sales closing. The required documents are noted in the upper left portion of the form.

NOTE: Following the successful use of the HUD-9589, over a relatively short period of time, it is anticipated that only the form will be required to be submitted to OFA for each closing. Field Offices will be notified when they may submit only the HUD-9589.

b. Chief Property Officers (CPOs) can quickly verify the accuracy of the sales proceeds received, and eliminate several common errors usually not detected at the Field Office. The form specifically requires the old FHA case number, hopefully eliminating a significant problem area.

c. Upon receipt of the closing package from the closing agent, the review of the package will be performed and its accuracy certified to by the CPO, rather than a Certifying Officer within the Field Office. This should eliminate another delay in forwarding the packages to OFA.

d. We have attached a sample of the form and you should receive the printed supply shortly. At that time, you may incorporate all changes provided by this memorandum. We are also proceeding to obtain OMB approval on the HUD-9589 which, when obtained, will permit you to require closing agents, if you desire, to complete the form, with the exception of the certification. Until OMB clearance is received, the form must be completed by Field Office staff.

4. **Urban Homesteading Sales.** The changes noted earlier herein will require slight modifications to procedures for handling closings of Urban Homesteading sales.

a. The computation formerly shown on the reverse of the HUD-9596 is now to be shown in Block 4 on the reverse of the HUD-9589.

b. On the HUD-1, show the nominal consideration or amount exceeding the Urban Homesteading limit on lines 208 and 508. Do not include reimbursement for prepaid taxes in this amount. Show the amount to be charged to Section 810 funds as "Section 810 Reimbursement, P.O.C." on line 509.

c. Provide the Urban Homesteading Coordinator within the Field Office with copies of the HUD-1 and HUD-9589 (with the required information on the reverse).

I hope these changes will eliminate several unnecessary tasks and enable you to divert the staff time formerly required to better usage. Should you have any questions, please contact your Single Family Property Disposition Desk Officer.

Attachments

A. Settlement Statement

U.S. Department of Housing
and Urban Development



OMB No. 2502-0265

B. Type of Loan			
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> Conv. Unins.	6. File Number
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.		7. Loan Number
			8. Mortgage Insurance Case Number
C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.			
D. Name and Address of Borrower		E. Name and Address of Seller	
		F. Name and Address of Lender	
G. Property Location		H. Settlement Agent	
		Place of Settlement	
		I. Settlement Date	
J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
100. Gross Amount Due From Borrower		400. Gross Amount Due To Seller	
101. Contract sales price		401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)		403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross Amount Due From Borrower		420. Gross Amount Due To Seller	
200. Amounts Paid By Or In Behalf Of Borrower		600. Reductions In Amount Due To Seller	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower		620. Total Reduction Amount Due Seller	
300. Cash At Settlement From/To Borrower		600. Cash At Settlement To/From Seller	
301. Gross amount due from borrower (line 120)		601. Gross amount due to seller (line 420)	
302. Less amounts paid by/for borrower (line 220) ()		602. Less reductions in amt. due seller (line 520) ()	
303. Cash <input type="checkbox"/> From <input type="checkbox"/> To Borrower		603. Cash <input type="checkbox"/> To <input type="checkbox"/> From Seller	

Previous Edition Is Obsolete

HUD-1 (3-88)
RESPA, HB 4305.2

L. Settlement Charges				Paid From Borrowers Funds at Settlement	Paid From Seller's Funds at Settlement
700. Total Sales/Broker's Commission based on price \$ @ % =					
Division of Commission (line 700) as follows:					
701. \$	to				
702. \$	to				
703. Commission paid at Settlement					
704.					
800. Items Payable in Connection With Loan					
801. Loan Origination Fee	%				
802. Loan Discount	%				
803. Appraisal Fee	to				
804. Credit Report	to				
805. Lender's Inspection Fee					
806. Mortgage Insurance Application Fee to					
807. Assumption Fee					
808.					
809.					
810.					
811.					
900. Items Required By Lender To Be Paid In Advance					
901. Interest from	to	@ \$	/day		
902. Mortgage Insurance Premium for			months to		
903. Hazard Insurance Premium for			years to		
904.			years to		
905.					
1000. Reserves Deposited With Lender					
1001. Hazard Insurance	months@ \$		per month		
1002. Mortgage Insurance	months@ \$		per month		
1003. City property taxes	months@ \$		per month		
1004. County property taxes	months@ \$		per month		
1005. Annual assessments	months@ \$		per month		
1006.	months@ \$		per month		
1007.	months@ \$		per month		
1008.	months@ \$		per month		
1100. Title Charges					
1101. Settlement or closing fee	to				
1102. Abstract or title search	to				
1103. Title examination	to				
1104. Title Insurance binder	to				
1105. Document preparation	to				
1106. Notary fees	to				
1107. Attorney's fees	to				
(includes above items numbers:)					
1108. Title Insurance	to				
(includes above items numbers:)					
1109. Lender's coverage	\$				
1110. Owner's coverage	\$				
1111.					
1112.					
1113.					
1200. Government Recording and Transfer Charges					
1201. Recording fees: Deed \$; Mortgage \$; Releases \$	
1202. City/county tax/stamps: Deed \$; Mortgage \$			
1203. State tax/stamps: Deed \$; Mortgage \$			
1204.					
1205.					
1300. Additional Settlement Charges					
1301. Survey	to				
1302. Post Inspection to					
1303.					
1304.					
1305.					
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)					

ADDENDUM TO HUD-1 SETTLEMENT STATEMENT

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see Title 18 U.S. Code Section 1001 and Section 1010.

Purchaser's Statement:

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Signature of Purchaser

Date

Signature of Purchaser

Date

Settlement Agent's Statement:

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Signature of Settlement Agent

Date

Seller's Statement:

I certify that all amounts on the HUD-1 Settlement Statement chargeable to the purchaser and to HUD are authorized charges and that the amounts are accurate to the best of my knowledge and belief.

Signature of Chief Property Officer

Date

Transmittal of Closing Information

U.S. Department of Housing
and Urban Development
Office of Finance and Accounting
Property Disposition Program



See the instructions on the back of the form. The Field Office must submit this form for receipt by OFA no later than 14 calendar days following closing. Include copies of the following: • Bank's wire transfer debit confirmation; • Form HUD-1; • Bulk sales listing (bulk sales only).

Mail to: U.S. Department of Housing and Urban Development
Real Property Branch, AFMPP
PO Box 44813
Washington, DC 20026-4813

1. Field Office Name	2. Old FHA Case No. & Section of Act Code 0	3. Closing Date (MM/DD/YY)
----------------------	--	----------------------------

4. Type of Sale (check <input checked="" type="checkbox"/> one) <input type="checkbox"/> 216 Cash Sale <input type="checkbox"/> 211 FHA Insured Mortgage <input type="checkbox"/> 214 Bulk Sale <input type="checkbox"/> 224 Urban Homestead Sale (see back of form) <input type="checkbox"/> 212 VA Guaranteed Mortgage Sale <input type="checkbox"/> 227 Purchase Money Mortgage Sale
--

5a. Closing Agent's Business Name	5b. Closing Agent's Phone No. ()
-----------------------------------	--------------------------------------

6. Earnest Money Deposit (check ☒ box a or b to indicate action taken)

☐ 6a. Earnest money deposited by the broker or by the closing agent (this amount must not appear on line 501 of the HUD-1).

☐ 6b. Earnest money deposited by Field Office (via SF-215) (this amount must appear on line 501 of the HUD-1). For box b, fill in the amount, schedule number, and date, below.

Amount \$	Schedule Number	Date (MM/DD/YY)
--------------	-----------------	-----------------

7. Summary of Settlement Statement Data (line numbers are from form HUD-1)

7a. Sales price (line 401)	\$
7b. Other amounts due HUD (lines 403-405 / 409-412; i.e., rent, extension fee)	+ \$
7c. Taxes due HUD (usually lines 406-408)	+ \$
7d. Earnest money deposit - complete only if earnest money was deposited by the Field Office (line 501)	(-) \$
7e. Settlement charges to HUD (line 502)	(-) \$
7f. Other reductions in the amount due HUD (lines 506-509 / 513-519; i.e., refunds)	(-) \$
7g. Taxes due purchaser (usually lines 510-512)	(-) \$
(-) from HUD	
7h. Cash + to HUD (total lines 7a through 7g, above; then reconcile to line 603)	Total \$

8a. Method of Sales Proceeds Deposit (check <input checked="" type="checkbox"/> one) <input type="checkbox"/> Wire transfer (verify use of the old FHA Case No.) <input type="checkbox"/> Deposit by the Field Office (SF-215)	8b. Amount (must equal 7h) \$	8c. Date of Wire or Deposit (MM/DD/YY)	8d. Schedule Number (for Field Office Deposits)
--	----------------------------------	--	---

9a. Broker's Business Name, Address & Zip Code (make no entries in blocks 9a - 9e if no commission was paid or if the name indicates a corporate entity, e.g., Corporation, Corp., Incorporated, Inc.)	9b. Broker's Social Security No. or Employer ID No. (include hyphens)
	9c. Broker's Phone No. ()
	9d. Amount of Commission Paid \$
	9e. Name Control

10. Remarks (check ☒ the box(es) and provide the requested information, if appropriate)

☐ 10a. Sales proceeds incorrectly wired under FHA case no. _____ or to account no. _____ rather than 86X4070.

☐ 10b. Either additional sales proceeds or refund in the amount of \$ _____ is due. Appropriate corrective action has been initiated.

☐ 10c. The following earnest money deposit on this property was forfeited but not reported to OFA:
amount \$ _____, schedule number _____, deposit date ____/____/____

☐ 10d. Other:

11a. Signature of Chief Property Officer certifying to the accuracy of this form: X	11b. Date Signed & Transmitted to Hdqtrs.
--	---

Editions prior to 3/88 are obsolete. Send the Original (yellow copy) to the Hdqtrs. address above; Pink copy is for the Field Office file. form HUD-9589 (7/88) ref. handbook 4310.6

Instructions

Print or type all entries clearly

Block 2. Old FHA Case No. and Section of Act Code: Don't include hyphens.

Enter the number and code under which the property was originally insured. The first three spaces identify the geographic area in which the property is located. The next seven spaces accommodate the sequential number used to identify the insured property. For newer case numbers, seven spaces have been provided for the check digit. If no seventh digit exists, leave the seventh space blank. In the last three spaces enter the Section of the Act Code to the right of the pre-printed "O".

Block 3. Closing Date: Enter the closing (settlement) date from block I of the Settlement Statement, form HUD-1.

Block 4. Type of Sale: For Homestead sales provide the following computation from the data on the HUD-1 (line numbers are from form HUD-1). Do not complete Blocks 7a - 7h.

Urban Homestead Program Number:
(insert all 14 characters, omit hyphens)

1. Contract Sales price of property (line 401)	\$														
2. Closing costs (line 502)	+ \$														
3. Amount paid in cash by LUHA (non-Section 810 funds used for nominal consideration or amount exceeding Section 810 limit) (line 508)	(-) \$														
4. Amount charged to Section 810 funds (line 509)	Total \$														
5. Amount LUHA paid to reimburse HUD for the prepaid taxes	\$														

Block 7. Summary of Settlement Statement Data: Enter amounts as shown on the form HUD-1. Some amounts shown on the HUD-1 may have to be combined in order to correctly complete this form, e.g., taxes due the purchaser may be shown on multiple lines of the HUD-1, but only the total amount of taxes due the purchaser may be shown in block 7g of this form. If an amount is shown on an incorrect line on the HUD-1, it must be entered in the correct block on this form, e.g., a wire transfer fee shown on line 512 of the HUD-1 is actually a settlement charge and should be shown in block 7e of this form. Finally, total blocks 7a-7g and then reconcile the amount to that shown on line 603 of form HUD-1. All differences must be resolved prior to certification.

Block 9e. Name Control: Enter the first 4 letters of the Broker's surname (last name). If the surname is not determinable, such as in the case of a business name, leave this block blank.

Program and Processing Requirements

PROGRAM AND PROCESSING REQUIREMENTS

- . Sales closing agents are required to:
 - .. establish escrow accounts, as trustees for HUD, in banks that release funds immediately upon clearance of certified checks, usually within 24 hours of deposit;
 - ... banks must either be members of the Federal Reserve System, or effect wire transfers through correspondent banks that are members;
 - .. accept only cash, certified or cashiers checks;
 - .. deposit sales proceeds for wire transfer on the day of closing or the next bank day, obtain receipt for deposit, and request confirmation that the transfer took place;
 - .. obtain copy of wire transfer debit confirmation, within 24 hours of the actual transfer, and verify that the wire transfer took place within prescribed time limits, that the accurate amount was wired, and that the wire transfer was identified with the correct FHA case number and HUD account number;
 - .. complete the HUD-1, Settlement Statement, with OLD FHA case number, property address, and the following financial information that is frequently not recorded correctly:
 - ... on line 703, include the entire amount of commission paid to the sales agent at settlement (including any earnest money deposit that may be being held by the agent to be offset against the commission);
 - ... show the wire transfer fee as a settlement charge;

- ... complete line 501 only if earnest money was locally deposited by the Field Office
- .. complete SF-1034, Public Voucher for Purchases and Services Other than Personal, if applicable;
- .. complete Bulk Sales Listing, if applicable, showing FHA case number and Section of the Act code, property address, and net sales proceeds for each property included in the sale;
- .. prepare closing package with all required documents, and accurate information:
 - ... Settlement Statement, HUD-1;
 - ... copies of notifications that closing took place;
 - ... two copies of deed;
 - ... copy of notification of filing of deed for record;
 - ... bank receipt of deposit;
 - ... copy of wire transfer debit confirmation;
 - ... SF-1034, if applicable;
 - ... bulk sales listing, if applicable;
- .. deliver closing package to the Field Office within a specified time following closing, using courier or overnight mail service.

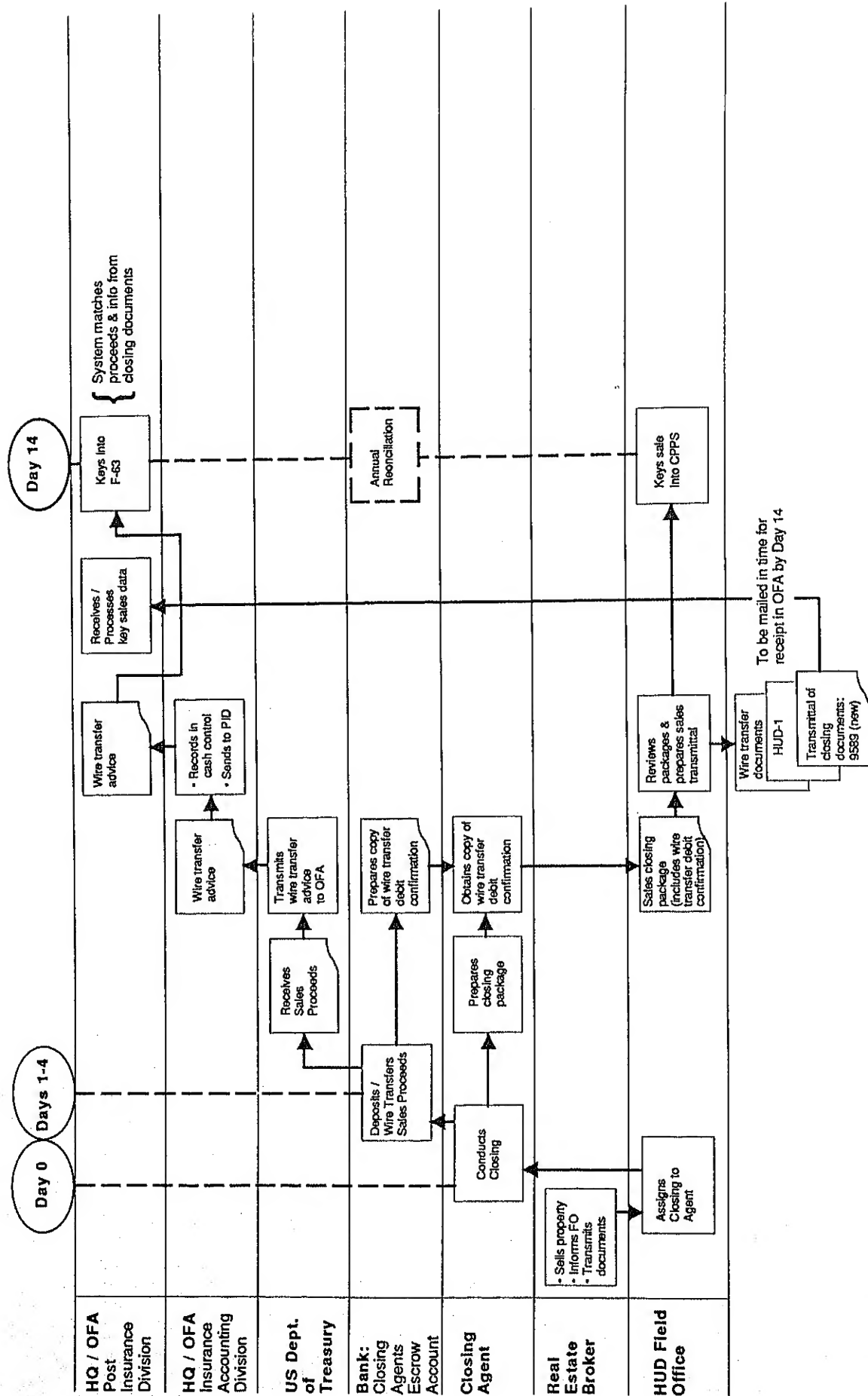
- . Field Office staff are required to:
 - .. review sales package to ensure that it is complete and accurate;
 - .. complete and/or ensure that the following closing documents are correct:
 - ... HUD-9589, Transmittal of Closing Documents (new revised form that is attached to this package);
 - ... wire transfer debit confirmation;
 - ... HUD-1.
 - .. forward those three closing documents, in order listed, to Headquarters OFA, so that OFA receives package within 14 calendar days of closing;
 - .. provide training and guidance as necessary to closing agents to ensure that they understand and comply with requirements;
 - .. develop and use mechanisms/controls to monitor sales closing agents' performance;
 - ... including placing agents under contract and
 - ... collecting performance data on each agent.
 - .. ensure that sales agents who demonstrate that they cannot or will not or are unable to consistently meet requirements are not assigned closings.

. **Flowchart of the Process**

- .. The enclosed flowchart (C-4) shows the sequence of the tasks required in the total process.

Sale of Acquired Single Family Properties

Wire Transfer of Proceeds and Transmittal of Closing Documents



A Problem Diagnostic Tool

For

Field Managers

Attachment D

**IMPROVING FINANCIAL MANAGEMENT OF PROPERTY SALES
A PROBLEM DIAGNOSTIC TOOL FOR FIELD MANAGERS**

REGION	FIELD OFFICE	
FASTA GOALS	Field Office Last FY	Performance This FY (YTD)
An average elapsed time of 2 days is maintained for all sales proceeds deposits		
100% of proceeds received by Treasury within 4 days		
100% of sales closing documents received in OFA within 14 calendar days of closing		

PLEASE PROVIDE THE FOLLOWING INFORMATION ON CLOSING AGENTS	
How many closing agents do you employ?	
How many are under contract?	
If all closing agents are not under contract, when do you expect to have all agents under contract?	Date

POSSIBLE CAUSES OF FAILURE TO MEET FASTA GOALS	YES	NO	If NO, please explain below or at bottom of p. 3.
1. Have all closing agents been trained or advised of their responsibilities?			
2. Do you know who the good and poor performing closing agents are?			
3. Have you terminated any closing agents for poor performance?			
4. Can your staff tell you the kind of errors being made by your closing agents?			

POSSIBLE CAUSES OF FAILURE TO MEET FASTA GOALS	YES	NO	If NO, please explain below or at bottom of p.3
5. Have you notified closing agents of the errors they are making?			
6. Do closing agents only use banks that wire transfer funds?			
7. Do you know which agents are not wire transferring proceeds on the day of closing or the next bank day?			
8. Are sales only closed when cash or certified funds are available at closing?			
9. If no, has justification for "dry closings" been obtained from lenders and sent to OFA?			
10. Have enough closing agents been placed under contract to meet current demands?			
11. Are agents required to complete HUD Form 9589? (subject to OMB approval as public use form)			
12. Is sufficient staff assigned to post closing activities based on current workload?			
13. Have management plans been developed to work off backlogs within 90 days?			
14. Have employees engaged in post closing activities been properly trained?			
15. Is the responsibility for post closing activities centralized?			

POSSIBLE CAUSES OF FAILURE TO MEET FASTA GOALS	YES	NO	If NO, please explain below or at bottom of p.3
16. Is sufficient staff made available to properly monitor closing agents' performance?			
17. Does your contract include all of the requirements you need to solve local problems?			
18. Are you kept informed by the Regional Office of your Office performance in meeting these FASTA goals?			
19. Are you satisfied that you know the underlying cause for not meeting these FASTA goals?			
20. Are you getting adequate support from the Region in solving your problems in meeting these goals?			
21. Are you getting adequate guidance from Headquarters Housing and OFA in solving your problems in meeting these goals?			
22. Does this checklist address the cause(s) of your problems?			
Please explain NO responses here, attaching additional paper if necessary.			